

Exhibit K

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as First Lien Administrative Agent for the First Lien Lenders

**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
SANTA ANA DIVISION**

In re:

**LBREP/L-SunCal Master I LLC et al.,
Debtor.**

Case No. 8:08-15588 (ES)

Jointly Administered with Case Nos.:
8:08-bk-15637-ES; 8:08-bk-15639-ES
and 8:08-bk-15640-ES

Chapter 11

☐ Affects LBREP/L-SunCal Master I LLC Only

☐ Affects LBREP/L-SunCal McAllister Ranch
LLC Only

☐ Affects LBREP/L-SunCal McSweeny Farms
LLC Only

☐ Affects LBREP/L-SunCal Summerwind
Ranch LLC Only

☒ Affects All Debtors

**RESPONSE OF LEHMAN COMMERCIAL
PAPER INC., AS FIRST LIEN
ADMINISTRATIVE AGENT FOR THE
FIRST LIEN LENDERS, TO LBREP
LAKESIDE SC MASTER I, LLC'S FIRST
SET OF INTERROGATORIES**

1 Lehman Commercial Paper Inc., in its capacity as administrative agent to the First Lien Lenders
2 ("LCPI"), submits the following responses and objections (the "Responses") to the First Set of
3 Interrogatories ("Interrogatories") propounded by LBREP Lakeside SC Master I, LLC ("Lehman
4 Lakeside").

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6 **GENERAL OBJECTIONS**

7 The following General Objections are incorporated into each of the specific Responses below as
8 if fully repeated in each Response and are intended, and shall be deemed, to be in addition to any
9 specific objection included therein. These Responses are not, and shall not be construed as, an
10 admission of relevance or admissibility into evidence of any Response, or of the propriety of the
11 Interrogatories.

12 1. LCPI objects to the Interrogatories, or the definitions or instructions related
13 thereto, to the extent that they seek to impose obligations on LCPI beyond those set forth in the
14 Federal Rules of Bankruptcy Procedure (the "FRBP"), Federal Rules of Civil Procedure (the
15 "FRCP"), the Local Rules of the United States Bankruptcy Court for the Central District of
16 California (the "Local Rules"), or the Individual Practices of Hon. Judge Erithe A. Smith (the
17 "Individual Practices"), or any other statute, rule or order applicable to this action.

18 2. LCPI objects to the Interrogatories to the extent that they seek responses
19 that would reveal information protected from disclosure by the attorney/client privilege or work
20 product doctrine or any other applicable immunity, privilege, protection or rule of confidentiality
21 that makes the requested information non-discoverable. LCPI further objects to the
22 Interrogatories to the extent that they seek responses that would reveal information prepared in
23 anticipation of litigation or for trial of this or any matter. LCPI will provide responses that are
24 non-privileged and otherwise properly discoverable. By providing such responses, LCPI does not
25 waive any privileges. To the extent that the Interrogatories may be construed as seeking a
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1 response that would reveal privileged or protected information or documents, LCPI hereby claims
2 such privilege and invokes such protection. The fact that LCPI does not specifically object to an
3 individual interrogatory on the ground that it seeks a response that would reveal privileged or
4 protected information or documents shall not be deemed a waiver of the protection afforded by
5 the attorney/client privilege, the work product doctrine or any other applicable immunity,
6 privilege, or protection. Any inadvertent identification or production of information subject to
7 such privilege or protection is not intended as a waiver of, and shall not waive, any such privilege
8 or protection.

9
10 3. LCPI objects to the Interrogatories to the extent that the Interrogatories, or
11 the definitions or instructions related thereto, contain vague, ambiguous, undefined, or
12 argumentative terms, and to the extent that they assume disputed facts or legal conclusions in
13 connection with the information requested. LCPI hereby denies all such disputed facts and legal
14 conclusions.

15 4. LCPI objects to the Interrogatories to the extent that the Interrogatories, or
16 the definitions or instructions related thereto, are overbroad, unduly burdensome, cumulative, or
17 not reasonably calculated to lead to the discovery of admissible evidence.

18 5. LCPI objects to the Interrogatories to the extent that the Interrogatories, or
19 the definitions or instructions related thereto, purport to require the disclosure of information (i)
20 already within the possession, custody or control of Lehman Lakeside; (ii) in the public domain;
21 or (iii) available to Lehman Lakeside from a more convenient, less burdensome, or less costly
22 source than LCPI.
23

24 6. LCPI objects to the Interrogatories to the extent they purport to obligate
25 LCPI to produce documents not within the possession, custody or control of LCPI. LCPI will
26 conduct a reasonable investigation and, subject to general and specific objections, will provide
27 responsive non-privileged information.
28

1 7. LCPI responds to the Interrogatories based upon information presently
2 available to LCPI that it has been able to identify through reasonable efforts.

3 8. LCPI's Responses are made without waiving, in any way: (a) the right to
4 object on any basis permitted by law to the use of any such information, for any purpose, in
5 whole or in part, in this action or any other action or proceeding; and (b) the right to object on any
6 basis permitted by law to any other discovery request in this action or any other proceeding
7 involving or relating to the subject matter of the Interrogatories or these Responses.

8 9. In providing these Responses, LCPI does not in any way waive or intend to
9 waive, but rather intends to preserve and is preserving the following:
10

11 a. all objections as to competence, relevance, materiality and
12 admissibility of the Interrogatories or the Responses, or the subject matter thereof
13 or information provided pursuant thereto;

14 b. all objections as to vagueness, ambiguity and undue burden;

15 c. all rights to object on any ground to the use of any of the
16 Responses, or the subject matter thereof or information provided therein, in this
17 action or any other proceeding, including but not limited to, the trial of this action
18 or any other proceeding; and
19

20 d. all rights to object on any ground to any request for further
21 responses to these or any other discovery requests involving or related to the
22 subject matter of the Interrogatories.

23 10. LCPI reserves the right to assert additional objections to the Interrogatories
24 if such additional objections become apparent in the future.

25 11. LCPI reserves the right to amend and/or supplement its Responses based
26 on information obtained or discovered subsequent to these Responses.
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12. The foregoing General Objections of LCPI are incorporated into each specific response below as if set forth fully therein.

Subject to the foregoing General Objections, which are incorporated into each Response and have the same force and effect as though fully set forth therein, LCPI responds to the Interrogatories as follows:

SPECIFIC RESPONSES AND OBJECTIONS

Interrogatory No. 1:

Describe LCPI's efforts in sizing of the January 2006 loans.

Response to Interrogatory No. 1:

LCPI objects to Interrogatory No. 1 on the grounds that it is vague and ambiguous, and objects in particular to the use of the terms "efforts" and "sizing."

Subject to the General Objections stated above, which are incorporated herein in their entirety, and the specific objections set forth above, LCPI responds to Interrogatory No. 1 as follows:

LCPI's real estate group conducted standard due diligence and underwriting with regard to the then-current and potential value of the properties known as LBREP/L-SunCal McAllister Ranch LLC, LBREP/L-SunCal McSweeny Farms LLC and LBREP/L-SunCal Summerwind Ranch LLC, and the creditworthiness of the sponsor, including without limitation reviewing appraisals, environmental studies, entitlement status reviews, market studies, cash flow projections and financial records of the sponsor. LCPI's credit committee reviewed the results of the due diligence and underwriting and, based on the appraised value of the underlying properties and the projections for future development and lot sales, approved the real estate group's recommendation of a first lien loan not to exceed \$235 million and a second lien loan not to exceed \$75 million.

1 **Interrogatory No. 2:**

2 Identify all of LCPI's current holdings in the First Lien Debt, including holdings under the
3 First Lien Term Loan and the Revolver.
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5 **Response to Interrogatory No. 2:**

6 Subject to the General Objections stated above, which are incorporated herein in their
7 entirety, LCPI responds to Interrogatory No. 2 as follows:

8 LCPI holds \$64,420,749.40 of the First Lien Revolver and \$4,918,848.36 of the First Lien
9 Term Loan, for a total of \$69,339,597.76.

10 **Interrogatory No. 3:**

11 Identify who authorized LCPI to enter into the Term Sheet, including the corporate
12 affiliation of that individual or individuals.

13 **Response to Interrogatory No. 3:**

14 LCPI objects to Interrogatory No. 3 on the grounds that it seeks information that is neither
15 relevant to this proceeding, nor reasonably calculated to lead to the discovery of admissible
16 evidence.

17 Subject to the General Objections stated above, which are incorporated herein in their
18 entirety, and the specific objections set forth above, LCPI responds to Interrogatory No. 3 as
19 follows:

20 LCPI will not respond to Interrogatory No. 3.

21 **Interrogatory No. 4:**

22
23 Identify who served as the Client Representative at the time of authorization of the Term
24 Sheet, including the corporate affiliation of that individual or individuals.

25 **Response to Interrogatory No. 4:**

26 LCPI objects to Interrogatory No. 4 on the grounds that it is vague and ambiguous, and
27 objects in particular to the use of the defined term "Client Representative," as no such position
28 existed at LCPI. LCPI further objects to Interrogatory No. 4 on the grounds that it is neither

1 relevant to this proceeding, nor reasonably calculated to lead to the discovery of admissible
2 evidence.

3 Subject to the General Objections stated above, which are incorporated herein in their
4 entirety, and the specific objections set forth above, LCPI responds to Interrogatory No. 4 as
5 follows:

6 LCPI will not respond to Interrogatory No. 4.

7 **Interrogatory No. 5:**

8 Identify who retained Cadwalader for LCPI, including the corporate affiliation of that
9 individual or individuals.

10 **Response to Interrogatory No. 5:**

11 LCPI objects to Interrogatory No. 5 on the grounds that it seeks information that is neither
12 relevant to this proceeding, nor reasonably calculated to lead to the discovery of admissible
13 evidence. LCPI further objects to Interrogatory No. 5 on the grounds that it is vague, ambiguous
14 and overly broad.

15 Subject to the General Objections stated above, which are incorporated herein in their
16 entirety, and the specific objections set forth above, LCPI responds to Interrogatory No. 5 as
17 follows:

18 LCPI will not respond to Interrogatory No. 5.

19 **Interrogatory No. 6:**

20 State whether the scope of Cadwalader's representation of LCPI in the Bankruptcy
21 Proceedings covers LCPI only in its capacity as Syndication Agent, only in its capacity as a
22 holder of the First Lien Debt, or in both these capacities.

23 **Response to Interrogatory No. 6:**

24 LCPI objects to Interrogatory No. 6 on the grounds that it seeks information that is neither
25 relevant to this proceeding, nor reasonably calculated to lead to the discovery of admissible
26 evidence. LCPI further objects to Interrogatory No. 6 on the grounds that it seeks information
27 that is available in the public domain.
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1 Subject to the General Objections stated above, which are incorporated herein in their
2 entirety, and the specific objections set forth above, LCPI responds to Interrogatory No. 6 as
3 follows:

4 Cadwalader represents LCPI in the Bankruptcy Proceedings in its capacity as
5 administrative agent and a lender in connection with the first lien credit facility of LBREP/L-
6 SunCal Master I LLC, as borrower ("SunCal") in connection with the chapter 11 cases of SunCal
7 and certain of its subsidiaries. Cadwalader represents LCPI as a first lien lender as *part* of the
8 loan syndicate. Cadwalader does not represent LCPI as an individual first lien lender.

1 December 4, 2009

2 New York, New York

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